



CONGRESSMAN HENRY A. WAXMAN NEWS

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WAXMAN CONDEMNS PRICE INDEX CHANGE

Rep. Henry A. Waxman harshly condemned the move taken recently by the Federal Government to exclude home mortgage costs from the Consumer Price Index. Officials agree that this change in the calculation of the CPI will automatically reduce the next official cost-of-living increase by about two percent.

Waxman said,

"The government argues that not everyone is buying a home, and that mortgage rates are high and fluctuate widely. What they fail to recognize is the fact that the actual cost-of-living of every consumer is affected by the cost of home loans. High mortgages have contributed to the tremendous shortage of not only housing, but, also rental units. The lack of apartments has driven rents up."

Waxman said he was especially bothered by the change in the Index because the Index is used to compute cost-of-living increases for thirty-six million Social Security recipients as well as millions of pensioners and wage earners whose incomes are tied directly to increases in the Consumer Price Index.

The Los Angeles congressman said,

"I simply do not accept Reagan Administration denials that the Administration was behind the sudden change in the calculation of the Index. After all, the change will save the penny-pinching Reaganites millions of dollars in Social Security increases. It will also create

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the illusion of gains in the fight against inflation. It is a form of cheating. It's just like cutting down the yard measure by twenty per cent, and then claiming to have made a new world's record for the hundred yard dash."

"Once again the Reagan Administration has found a way to make a major policy change without support from either the public or the Congress. This recalculation of the Consumer Price Index would have been laughed off the floor of the House of Representatives. Yet now as a result of the bureaucratic legerdemain, the Administration will be able to hide ~~the~~ the truth about inflation and make it harder for people with limited income to make ends meet."

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